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Oregon Transportation Commission

Washington State Transportation Commission

April 15, 2009

The Honorable Maria Cantwell
United States Senate
717 Hart Senate Office Building
Washington, DC 20510

Dear Congresswoman Cantwell:

Goods movement policy efforts of the West Coast states of California, Oregon and Washington are built on the premise that freight movement crosses states' borders, is multi-faceted, and because of the impact of freight movement on our states' and nation's economy, we believe it requires specific federal attention as an economic, infrastructure and environmental priority. Our states are home to five of the nation's top ten foreign container seaports, seven of North America's top 40 cargo airports and several border crossings. The West Coast trade and transportation system is a critical gateway for freight traffic entering/leaving the country while also serving the domestic trade traffic between mega-regions on the West Coast and the rest of the United States. Our states share the I-5 Corridor, connecting our NAFTA partners Mexico and Canada, as well as the Burlington-Northern Santa Fe and Union Pacific Railroads, and we are the nation's gateway to the Pacific Rim trade corridor.

Goods movement is a key economic driver, but the economic benefits of goods movement come at considerable cost to the transportation infrastructure that supports it, as well as to the communities through which trade corridors and intermodal facilities operate. While the recent global recession has resulted in steep declines in container traffic and air cargo volumes, our freight volumes are at historically-high levels. Even with 10 to 15 percent decreases in the last year, cargo volumes are at 2004-2005 levels, which represent 50 to 100 percent increases over 1997 volumes, resulting in a significant impact on our transportation infrastructure.

Recognizing the challenges of goods movement is driving our policy and funding strategies to address associated infrastructure and community impacts. Goods movement issues are also gaining attention at the national level. The National Surface Transportation Policy and Revenue Study Commission recognized the growing importance of goods movement by calling for the next round of federal transportation reauthorization in 2009 to provide dedicated policy and funding consideration. Contributing to the challenges of goods movement is that multiple players serve diverse markets primarily connected by the need to ship along common ground access routes through corridors where there is competition for funding of non-freight public infrastructure.

The West Coast states are major entry points for US commerce and have an opportunity to help shape the debate over a national freight policy that is consistent with each state's economic, infrastructure and environmental policies. Rapidly increasing freight volumes is one of the challenges facing America's transportation system that cries out for increased federal attention and investment. We strongly believe that ensuring a strong and globally competitive economy, facilitating interstate commerce, and protecting our national security and safety are in our collective and national interest. As the nation's gateway to Asia, our states have been paying the price for the lack of federal government attention to the infrastructure requirements needed to meet this historic shift in trade patterns. The burden of paying for infrastructure improvements to address the growing volume of commerce has been borne by our states and local agencies. Our communities also bear the physical and environmental impacts as goods traverse through our regions and states to national markets.

The National Surface Transportation Policy and Revenue Study Commission came to similar conclusions in its report, *Transportation for Tomorrow*. The report states, "...the Federal government must return to its historic role of ensuring that the transportation needs of interstate commerce are met. The Commission supports the creation and funding of a national freight transportation program that, in conjunction with States and metropolitan areas and consistent with a National Freight Transportation Plan, implement highway, rail and other improvements that eliminate chokepoints and increase throughput." (p. 40)

The West Coast states are working together to leverage our common economic, infrastructure and environmental themes to enhance our collective ability to shape the next round of federal reauthorization. Prioritizing investment in freight transportation infrastructure is desperately needed now, and into the future, so we are better positioned for the exponential forecasted growth over the next 30 to 50 years. We foresee the next surface transportation authorization legislation establishing a comprehensive national freight policy and investment strategy that is multimodal, long-term and recognizes the critical role the private sector entities play in the transportation system. We recommend a federal freight program that supports trade and provides economic and environmental benefits and which considers the following provisions:

- Create a freight account in the Highway Trust Fund that would be available solely for freight projects. When possible, fees used to fund a freight account should be equitable, broad-based, non-mode specific and levied on products rather than carriers or modes.

- Dedicate federal freight funding that provides matches for state and local resources specifically focused on goods movement infrastructure projects. The National Surface Transportation Policy and Revenue Commission suggested that a federal participation rate of 40 percent would restore the historical rate of investment. The programming and allocation of dedicated federal freight resources should be the purview the states.

- Dedicate federal funding for rehabilitation of the interstate system, which carries the majority of interstate truck freight. Our states are fighting a losing battle to rehabilitate the state highway system which includes significant portions of the interstate system. Federal rehabilitation funding could help our states leverage scarce rehabilitation resources and address the increased demands.

- Support improved and efficient rail container freight services as a viable option to trucks. Increased federal funding for operational support and implementation of enhanced freight services projects of regional and national significance reduces the demands on our overcrowded highways and improves the quality of life of affected trade corridor communities.

- Promote a mode neutral freight movement program when making funding decisions. Each mode has its own economic and environmental pros and cons. Federal policy should seek to take advantage of all modes that move freight in the most efficient manner to serve the unique needs of a given location/state.

- Provide federal tax and investment incentives to promote public-private partnerships for major freight infrastructure projects. For example, dedicated truck lanes, intermodal connectors and access to nearby major port facilities are beyond most states' funding capabilities. Incentives to attract capital and pursue tolling and/or other fee mechanisms would provide new capacity and improved throughput and reliability.

- Develop similar tax and investment incentives to help reduce the vehicle miles traveled on the highways and the emissions associated with the travel. Cap and trade emission credit programs, carbon taxes, and tax credits for new equipment could provide new funding and expedite turnover of equipment, truck, rail and other mobile fleets and could be counted towards improving the "greenness of infrastructure investment".

- Streamline environmental permits, standardize the application of environmental requirements, and provide funding to mitigate goods movement related environmental impacts, in order to expedite the implementation of a national freight plan. Appropriate environmental safeguards need to be in place and enforced; however, unnecessary project delays only serve to worsen the existing environmental conditions and undermine global economic competitiveness. Incentives should be developed to reward project sponsors who incorporate environmental compliance and mitigation strategies into project implementation.

- Improve coordination between freight ground access improvements and air cargo operations. The FHWA and FAA regulations need to be coordinated and synthesized so that ground access improvements and airport improvements can be more efficient and better integrated.

- Promote greater federal leadership and coordination of international treaties and protocols affecting sea, air, and land cargo. The ability of the states to develop infrastructure and environmental strategies that address regional freight

movement needs is enhanced by national leadership on goods movement issues with foreign trading partners. Of particular importance is the competitive disadvantage for the US ports that bear the cost of regulations, laws, and taxes when compared to across-the-border foreign competitors. A level playing field must be achieved to ensure US near border ports stay competitive with their foreign neighbors.

- Create funding for federal security mandates. Many federal security mandates lack funding, such as the requirement that ports screen all inbound cargo containers by 2012. Fully funding federal security mandates allows for sharing the cost of securing our ports with the entire nation rather than having individual states absorb such cost.

The economic output of the West Coast region and its role from a national perspective cannot be overstated. The West Coast's ability to compete in national and world markets goes beyond its natural resources and technological capacities, but also demands an efficient transportation system that can deliver products reliably, cost-effectively and on time. Faced with the need to expand capacity of the freight transportation system, the next authorization should create a dedicated freight program focused on sustaining the nation's economic vitality through investments in projects that help improve the flow of freight, connect markets and facilitate exports. To this end, the West Coast states request your support for incorporating these recommendations into a dedicated freight program as Congress works toward the next authorization of the Federal Surface Transportation Act.

Sincerely,

Bob Alvarado
Chair, California Transportation Commission

Gail Achterman
Chair, Oregon Transportation Commission

Dan O'Neal
Chair, Washington State Transportation Commission

Figure 3.27 Rail Capacity Chokepoints
On Primary Freight Rail Corridors

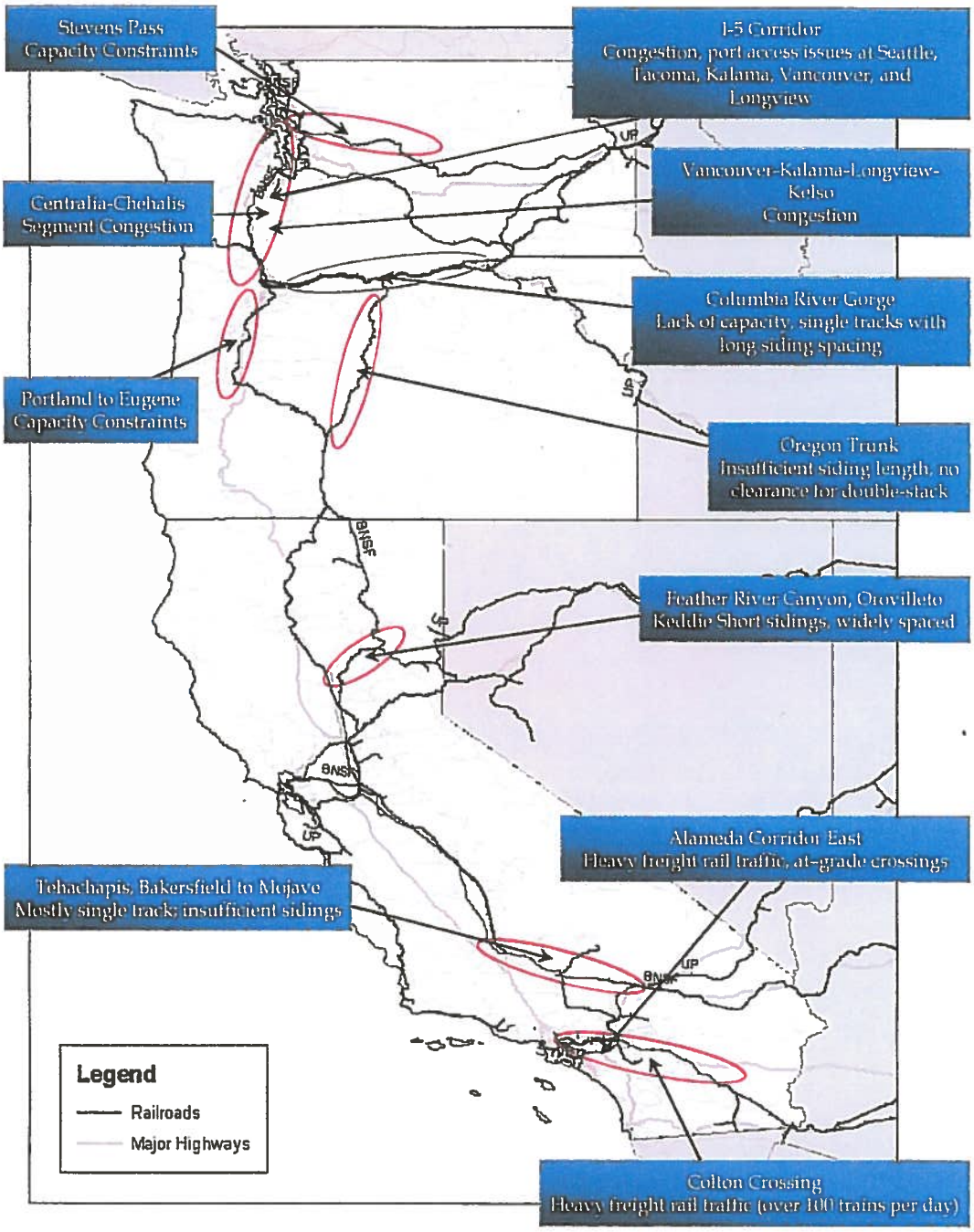
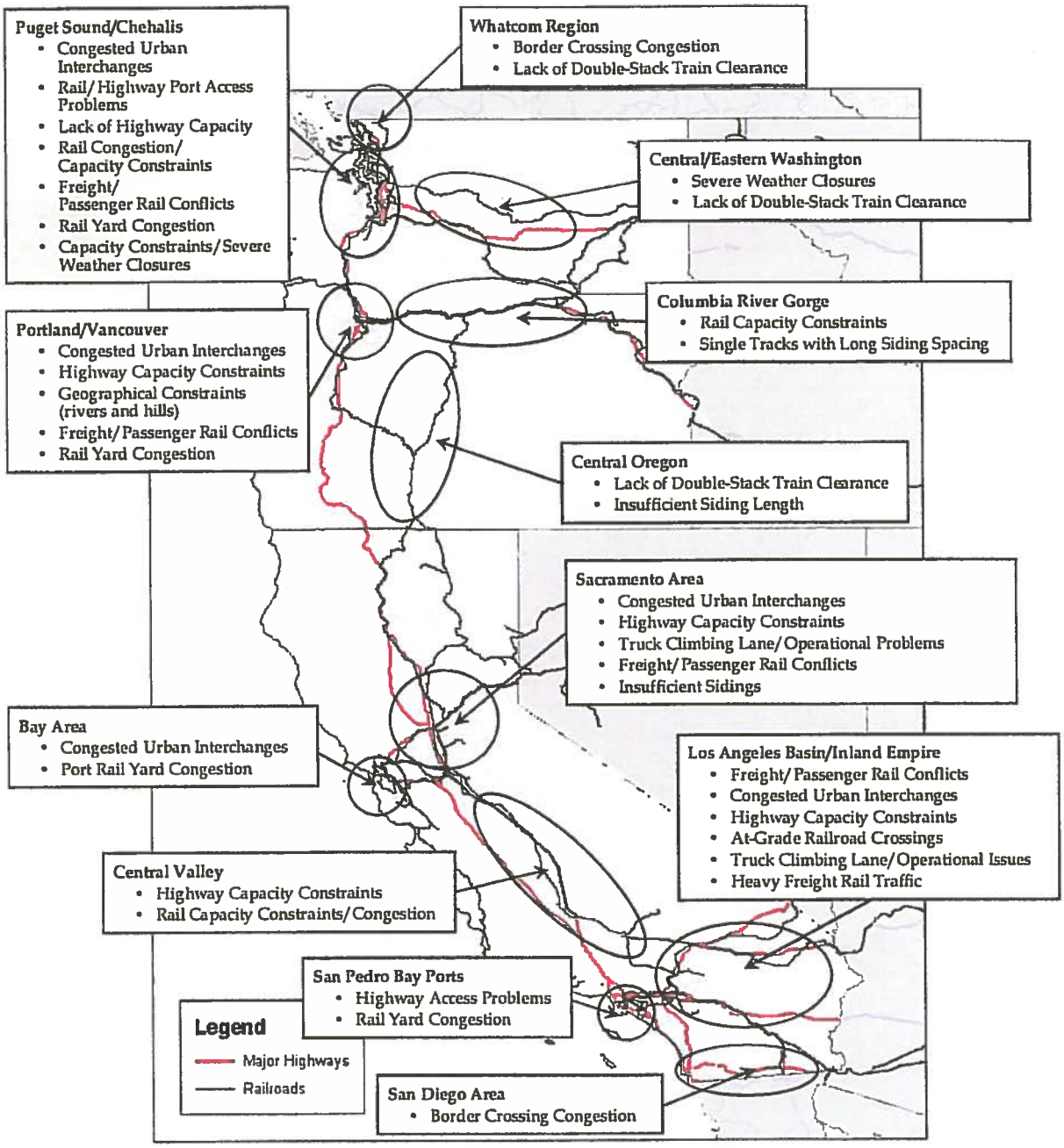
Figure ES.7 Key West Coast Regional Bottlenecks